FILED

IN THE UNITED STATES DISTRICT COURT FOR THE

2011 DEC 29 A 10: 37

EASTERN DISTRICT OF VIRGINIA

CLERK US DISTRICT COURT
ALEXANDRIA. VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA	)	
	)	
v.	)	Criminal Case No. 1:11CR00597
	)	
MAGYAR TELEKOM, Plc.,	)	
	)	
Defendant.	)	

DEFERRED PROSECUTION AGREEMENT

Defendant Magyar Telekom, Plc. ("Magyar Telekom"), by its undersigned attorneys, pursuant to authority granted by Magyar Telekom's Board of Directors, and the United States Department of Justice, Criminal Division, Fraud Section, and the United States Attorney's Office for the Eastern District of Virginia (collectively, the "Department"), enter into this deferred prosecution agreement (the "Agreement"). The terms and conditions of this Agreement are as follows:

Criminal Information and Acceptance of Responsibility

1. Magyar Telekom acknowledges and agrees that the Department will file a three-count criminal Information in the United States District Court for the Eastern District of Virginia charging one count of violating the anti-bribery provisions of the Foreign Corrupt Practices Act ("FCPA"), Title 15, United States Code, Section 78dd-1, and two counts of violating of the books and records provisions of the FCPA, Title 15, United States Code, Sections 78m(b)(2)(A), 78m(b)(5), and 78ff(a). In so doing, Magyar Telekom: (a) knowingly waives its right to indictment on these charges, as well as all rights to a speedy trial pursuant to the Sixth

Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and Federal Rule of Criminal Procedure 48(b); and (b) knowingly waives any objection with respect to venue and consents to the filing of the Information, as provided under the terms of this Agreement, in the United States District Court for the Eastern District of Virginia.

2. Magyar Telekom admits, accepts, and acknowledges that it is responsible for the acts of its officers, employees, agents, and those of Magyar Telekom's subsidiaries as charged in the Information, and as set forth in the Statement of Facts attached hereto as Attachment A and incorporated by reference into this Agreement, and that the allegations described in the Information and the facts described in Attachment A are true and accurate. Should the Department pursue the prosecution that is deferred by this Agreement, Magyar Telekom agrees that it will neither contest the admissibility of nor contradict the Statement of Facts in any such proceeding, including any guilty plea or sentencing proceeding.

Term of the Agreement

3. This Agreement is effective for a period beginning on the date on which the Information is filed and ending two (2) years and seven (7) calendar days from that date (the "Term"). However, Magyar Telekom agrees that, in the event that the Department determines, in its sole discretion, that Magyar Telekom has knowingly violated any provision of this Agreement, an extension or extensions of the term of the Agreement may be imposed by the Department, in its sole discretion, for up to a total additional time period of two years, without prejudice to the Department's right to proceed as provided in Paragraphs 13-16 below. Any extension of the Agreement extends all terms of this Agreement, including the terms of the reporting obligations under Paragraph 10 and Attachment D, for an equivalent period. Conversely, in the event the Department finds, in its sole discretion, that there exists a change in

circumstances sufficient to eliminate the need for the reporting obligations described in Paragraph 10 and Attachment D, and that the other provisions of this Agreement have been satisfied, the Term of the Agreement may be terminated early.

Relevant Considerations

4. The Department enters into this Agreement based on the individual facts and circumstances presented by this case and Magyar Telekom. Among the facts considered were the following: (a) following reports by the company's auditors, Magyar Telekom made a timely and voluntary disclosure to the Department and the United States Securities and Exchange Commission ("SEC") about potential misconduct; (b) over the course of several years, Magyar Telekom's audit committee led a thorough global internal investigation concerning bribery and related misconduct; (c) Magyar Telekom's audit committee reported its findings to the Department and the SEC; (d) the pervasiveness of the scheme, the involvement of a number of now-former senior managers at Magyar Telekom and certain of its subsidiaries, and conduct by some of those employees designed to obstruct the audit committee's investigation; (e) Magyar Telekom undertook remedial measures, including the implementation of an enhanced compliance program, and agreed to undertake further remedial measures, as may be necessary under this Agreement; and (f) Magyar Telekom agreed to continue to cooperate with the Department in any ongoing investigation of the conduct of Magyar Telekom's current and former employees, agents, consultants, contractors, subcontractors, and subsidiaries relating to violations of the FCPA.

5. Magyar Telekom shall continue to cooperate fully with the Department in any and all matters relating to corrupt payments and related false books and records and internal controls, subject to applicable law and regulations. At the request of the Department, and consistent with

applicable law and regulations, Magyar Telekom shall also cooperate fully with other domestic or foreign law enforcement authorities and agencies, as well as the Multilateral Development Banks ("MDBs"), in any investigation of Magyar Telekom, or any of its present and former officers, directors, employees, agents, consultants, contractors, subcontractors, and subsidiaries, or any other party, in any and all matters relating to corrupt payments, related false books and records, and inadequate internal controls, and in such manner as the parties may agree. Magyar Telekom agrees that its cooperation shall include, but is not limited to, the following:

a. Magyar Telekom shall truthfully disclose all factual information not protected by a valid claim of attorney-client privilege or work product doctrine with respect to its activities and those of its present and former directors, officers, employees, agents, consultants, contractors and subcontractors, and subsidiaries concerning all matters relating to corrupt payments and related false books and records and inadequate internal controls, about which Magyar Telekom has any knowledge or about which the Department may inquire. This obligation of truthful disclosure includes the obligation of Magyar Telekom to provide to the Department, upon request, any document, record or other tangible evidence relating to such corrupt payments, false books and records, or inadequate internal controls about which the Department may inquire of Magyar Telekom.

b. Upon request of the Department, with respect to any issue relevant to its investigation of corrupt payments in connection with the operations and related books and records of Magyar Telekom and certain of its subsidiaries, Magyar Telekom shall designate knowledgeable employees, agents or attorneys to provide to the Department the information and materials described in Paragraph 5(a) above, on behalf of Magyar Telekom. It is further understood that Magyar Telekom must at all times provide complete, truthful, and accurate information.

c. With respect to any issue relevant to the Department's investigation of corrupt payments, related false books and records, and inadequate internal controls in connection with the operations of Magyar Telekom, or any of its present or former subsidiaries or affiliates, Magyar Telekom shall use its best efforts to make available for interviews or testimony, as requested by the Department, present or former officers, directors, employees, agents and consultants of Magyar Telekom as well as the officers, directors, employees, agents and consultants of contractors and subcontractors. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with federal law enforcement and regulatory authorities. Cooperation under this paragraph shall include identification of witnesses who, to the knowledge of Magyar Telekom, may have material information regarding the matters under investigation.

d. With respect to any information, testimony, documents, records or other tangible evidence provided to the Department pursuant to this Agreement, Magyar Telekom consents to any and all disclosures, subject to applicable law and regulations, to other governmental authorities, including United States authorities and those of a foreign government, and the MDBs, of such materials as the Department, in its sole discretion, shall deem appropriate.

Payment of Monetary Penalty

6. The Department and Magyar Telekom agree that application of the 2006 United States Sentencing Guidelines ("USSG" or "Sentencing Guidelines") to determine the applicable fine range yields the following analysis:

- **Anti-Bribery Violations**

  - Offense Level. Based upon USSG § 2C1.1, the total offense level is 38, calculated as follows:

(a)(2)	Base Offense Level	12
(b)(1)	Offense involved more than one bribe	+ 2
(b)(2)	Value of benefit received more than $7,000,000	+20
(b)(3)	Involved a high-level official	+ 4
	TOTAL	38

  - Base Fine. Based upon USSG § 8C2.4(a)(2), the base fine is $72,500,000.

  - Culpability Score. Based upon USSG § 8C2.5, the culpability score is 5, calculated as follows:

(a)	Base Culpability Score	5
(b)(1)	the organization had 5,000 or more employees and an individual within high-level personnel of the organization participated in, condoned, or was willfully ignorant of the offense	+5
(g)(1)	The organization, prior to an imminent threat of disclosure or government investigation, within a reasonably prompt time after becoming aware of the offense, reported the offense, fully cooperated, and clearly demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct	- 5
	TOTAL	5

  - Calculation of Fine Range:

Base Fine	$72,500,000
Multipliers	1 (min)/2 (max)
Fine Range	$72,500,000 / $145,000,000

- **Books and Record Violations**

  - Base Offense. Based upon USSG § 2B1.1, the total offense level is 28, calculated as follows:

(a)(2)	Base Offense Level	6
(b)(2)	Loss of $7 million or more	+20
(b)(9)	Sophisticated Means/Significant Conduct Outside the U.S.	+ 2
	TOTAL	28

  - Base Fine. Based upon USSG § 8C2.4(a)(2), the base fine is $9,067,244 (the pecuniary gain to the organization from the offense ($9,067,244) is used where such number is greater than the fine indicated in the Offense Level Fine Table ($6,300,000))

  - Culpability Score. Based upon USSG § 8C2.5, the culpability score is 5, calculated as follows:

(a)	Base Culpability Score	5
(b)(1)	the organization had 5,000 or more employees and an individual within high-level personnel of the organization participated in, condoned, or was willfully ignorant of the offense	+5
(g)(1)	The organization, prior to an imminent threat of disclosure or government investigation, within a reasonably prompt time after becoming aware of the offense, reported the offense, fully cooperated, and clearly demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct	- 5
	TOTAL	5

- Calculation of Fine Range:

Base Fine	$9,067,244
Multipliers	1 (min)/2 (max)
Fine Range	$9,067,244 / $18,134,488

Under USSG §§ 3D1.2(b) and 3D1.3(a), the counts are grouped and the most serious of the counts comprising the group, i.e., the highest offense level of the counts in the group, is the applicable offense level. As such, in this case the operative offense level is 38 for conspiring to violate the anti-bribery provisions of the FCPA, and thus the operative fine range is $72,500,000 to $145,000,000. Magyar Telekom agrees to pay a monetary penalty in the amount of $59,600,000. Magyar Telekom and the Department agree that this fine is appropriate given the nature and extent of Magyar Telekom's cooperation in this matter and the remediation undertaken by Magyar Telekom. The $59,600,000 penalty is final and shall not be refunded. Furthermore, nothing in this Agreement shall be deemed an agreement by the Department that $59,600,000 is the maximum penalty that may be imposed in any future prosecution, and the Department is not precluded from arguing in any future prosecution that the Court should impose a higher fine, although the Department agrees that under those circumstances, it will recommend to the Court that any amount paid under this Agreement should be offset against any fine the Court imposes as part of a future judgment. Magyar Telekom acknowledges that no tax deduction may be sought in connection with the payment of any part of this $59,600,000 penalty.

Conditional Release from Criminal Liability

7. In return for the full and truthful cooperation of Magyar Telekom, and its compliance with the other terms and conditions of this Agreement, the Department agrees, subject to Paragraph 13-16 below, not to use any information related to the conduct described in the attached Statement of Facts against Magyar Telekom or any of its direct or indirect affiliates

or subsidiaries in any criminal or civil case, except: (a) in a prosecution for perjury or obstruction of justice; (b) in a prosecution for making a false statement; (c) in a prosecution or other proceeding relating to any crime of violence; or (d) in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code. In addition, the Department agrees, except as provided herein, that it will not bring any criminal case against Magyar Telekom or any of its direct or indirect affiliates or subsidiaries related to the conduct of present and former officers, directors, employees, agents, and consultants, as described in the attached Statement of Facts, or relating to information Magyar Telekom disclosed to the Department prior to the date on which this Agreement was signed.

a. This paragraph does not provide any protection against prosecution for any future corrupt payments, false books and records, or inadequate internal controls, if any, by Magyar Telekom, irrespective of whether disclosed by Magyar Telekom pursuant to the terms of the Agreement.

b. In addition, this paragraph does not provide any protection against prosecution of any present or former officer, director, officer, employee, shareholder, agent, consultant, contractor, or subcontractor of Magyar Telekom for any violations committed by them.

Corporate Compliance Program

8. Magyar Telekom represents that it has implemented and will continue to implement a compliance and ethics program designed to prevent and detect violations of the FCPA, the anti-corruption provisions of Hungarian law, and other applicable anti-corruption laws throughout its operations, including those of its affiliates, agents, and joint ventures, and those of its contractors and subcontractors whose responsibilities include interacting with foreign

officials or other high-risk activities. Implementation of these policies and procedures shall not be construed in any future enforcement proceeding as providing immunity or amnesty for any crimes not disclosed to the Department as of the date of signing of this Agreement for which Magyar Telekom would otherwise be responsible.

9. In order to address any deficiencies in its internal controls, policies, and procedures, Magyar Telekom represents that it has undertaken, and will continue to undertake in the future, in a manner consistent with all of its obligations under this Agreement, a review of its existing internal controls, policies, and procedures regarding compliance with the FCPA, the anti-corruption provisions of Hungarian law, and other applicable anti-corruption laws. Where necessary and appropriate, Magyar Telekom will adopt new or modify existing internal controls, policies, and procedures in order to ensure that Magyar Telekom maintains: (a) a system of internal accounting controls designed to ensure the making and keeping of fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance code, standards, and procedures designed to detect and deter violations of the FCPA, the anti-corruption provisions of Hungarian law, and other applicable anti-corruption laws. The internal controls system and compliance code, standards, and procedures will include, but not be limited to, the minimum elements set forth in Attachment C, which is incorporated by reference into this Agreement.

Corporate Compliance Reporting

10. Magyar Telekom agrees that it will report to the Department annually during the term of the Agreement regarding remediation and implementation of the compliance measures described in Attachment C. These reports will be prepared by the Group Compliance Officer of Magyar Telekom in accordance with Attachment D.

Deferred Prosecution

11. In consideration of: (a) the past and future cooperation of Magyar Telekom described in Paragraphs 4 and 5 above; (b) Magyar Telekom's payment of a monetary criminal penalty of $59,600,000; and (c) Magyar Telekom's implementation and maintenance of remedial measures, and independent review and audit of such measures, including the compliance policies and periodic reporting by Magyar Telekom as described in Paragraph 10 above, the Department agrees that any prosecution of Magyar Telekom for the conduct set forth in the attached Statement of Facts, or for the conduct that Magyar Telekom disclosed to the Department prior to the signing of this Agreement, be and hereby is deferred for the Term of this Agreement.

12. The Department further agrees that if Magyar Telekom fully complies with all of its obligations under this Agreement, the Department will not continue the criminal prosecution against Magyar Telekom described in Paragraph 1 and, at the conclusion of the Term, this Agreement shall expire. Within thirty (30) days of the Agreement's expiration, the Department shall seek dismissal with prejudice of the criminal Information filed against Magyar Telekom described in Paragraph 1.

Breach of the Agreement

13. If, during the Term of this Agreement, the Department determines, in its sole discretion, that Magyar Telekom has (a) committed any felony under U.S. federal law subsequent to the signing of this Agreement, (b) at any time provided deliberately false, incomplete, or misleading information, or (c) otherwise breached the Agreement, Magyar Telekom shall thereafter be subject to prosecution for any federal criminal violation of which the Department has knowledge, including the charges in the Information described in Paragraph 1, which may be pursued by the Department in the U.S. District Court for the Eastern District of Virginia. Any such prosecution may be premised on information provided by Magyar Telekom.

Any such prosecution that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against Magyar Telekom notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the expiration of the Term plus one year. Thus, by signing this Agreement, Magyar Telekom agrees that the statute of limitations with respect to any prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one year.

14. In the event that the Department determines that Magyar Telekom has breached this Agreement, the Department agrees to provide Magyar Telekom with written notice of such breach prior to instituting any prosecution resulting from such breach. Magyar Telekom shall, within thirty (30) days of receipt of such notice, have the opportunity to respond to the Department in writing to explain the nature and circumstances of such breach, as well as the actions Magyar Telekom has taken to address and remediate the situation, which explanation the Department shall consider in determining whether to institute a prosecution.

15. In the event that the Department determines that Magyar Telekom has breached this Agreement: (a) all statements made by or on behalf of Magyar Telekom to the Department or to the Court, including the attached Statement of Facts, and any testimony given by Magyar Telekom before a grand jury, a court, or any tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, or any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Department against Magyar Telekom; and (b) Magyar Telekom shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule, that statements made by or on behalf of Magyar Telekom prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed. The decision whether conduct or statements of any current director or employee, or

any person acting on behalf of, or at the direction of, Magyar Telekom, will be imputed to Magyar Telekom for the purpose of determining whether Magyar Telekom has violated any provision of this Agreement shall be in the sole discretion of the Department.

16. Magyar Telekom acknowledges that the Department has made no representations, assurances, or promises concerning what sentence may be imposed by the Court if Magyar Telekom breaches this Agreement and this matter proceeds to judgment. Magyar Telekom further acknowledges that any such sentence is solely within the discretion of the Court and that nothing in this Agreement binds or restricts the Court in the exercise of such discretion.

Sale or Merger of Magyar Telekom

17. Magyar Telekom agrees that in the event it sells, merges, or transfers all or substantially all of its business operations as they exist as of the date of this Agreement, whether such sale is structured as a stock or asset sale, merger or transfer, it shall include in any contract for sale, merger, or transfer a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement.

Public Statements by Magyar Telekom

18. Magyar Telekom expressly agrees that it shall not, through present or future attorneys, officers, directors, employees, agents or any other person authorized to speak for Magyar Telekom make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by Magyar Telekom set forth above or the facts described in the attached Statement of Facts. Any such contradictory statement shall, subject to cure rights of Magyar Telekom described below, constitute a breach of this Agreement and Magyar Telekom thereafter shall be subject to prosecution as set forth in Paragraphs 13-16 of this Agreement. The decision whether any public statement by any such person contradicting a fact contained in the

Statement of Facts will be imputed to Magyar Telekom for the purpose of determining whether they have breached this Agreement shall be at the sole discretion of the Department. If the Department determines that a public statement by any such person contradicts in whole or in part a statement contained in the Statement of Facts, the Department shall so notify Magyar Telekom, and Magyar Telekom may avoid a breach of this Agreement by publicly repudiating such statement(s) within five (5) business days after notification. Consistent with the obligations of Magyar Telekom as set forth above, Magyar Telekom shall be permitted to raise defenses and to assert affirmative claims in civil and regulatory proceedings in the United States, and in any proceedings outside the United States, relating to the matters set forth in the Statement of Facts. This paragraph does not apply to any statement made by any present or former employee of Magyar Telekom in the course of any criminal, regulatory, or civil case initiated against such individual, unless such individual is speaking on behalf of Magyar Telekom.

19. Magyar Telekom agrees that if it or any of its direct or indirect affiliates or subsidiaries issues a press release or holds any press conference in connection with this Agreement, Magyar Telekom shall first consult the Department to determine (a) whether the text of the release or proposed statements at the press conference are true and accurate with respect to matters between the Department and Magyar Telekom; and (b) whether the Department has no objection to the release. This paragraph will not apply to any statements by entities or persons not under the control of Magyar Telekom.

20. The Department, if requested to do so, agrees to bring to the attention of governmental and other debarment authorities the facts and circumstances relating to the nature of the conduct underlying this Agreement, including the nature and quality of Magyar Telekom's cooperation and remediation. By agreeing to provide this information to debarment authorities,

the Department is not agreeing to advocate on behalf of Magyar Telekom, but rather is agreeing to provide facts to be evaluated independently by the debarment authorities.

Limitations on Binding Effect of Agreement

21. This Agreement is binding on Magyar Telekom and the Department but specifically does not bind any other federal agencies, or any state, local or foreign law enforcement or regulatory agencies, or any other authorities, although the Department will bring the cooperation of Magyar Telekom and its compliance with its other obligations under this Agreement to the attention of such agencies and authorities if requested to do so by Magyar Telekom.

Notice

22. Any notice to the Department under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to the Deputy Chief – FCPA Unit, Fraud Section, Criminal Division, U.S. Department of Justice, Fourth Floor, 1400 New York Avenue, N.W., Washington, D.C. 20005. Any notice to Magyar Telekom under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to Balázs Máthé, General Counsel and Chief Legal and Corporate Affairs Officer, Magyar Telekom, Plc., Krisztina krt. 55, H-1013, Budapest, Hungary, and Peter B. Clark, Cadwalader, Wickersham & Taft LLP, 700 Sixth Street, N.W., Washington, D.C. 20001, or their successors. Notice shall be effective upon actual receipt by the Department or Magyar Telekom.

Complete Agreement

23. This Agreement sets forth all the terms of the agreement between Magyar Telekom and the Department. No amendments, modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Department and Magyar Telekom.

AGREED:

FOR MAGYAR TELEKOM, Plc.:

Date: December 27, 2011

By: ______________________
CHRISTOPHER MATTHEISEN
Chairman of the Board of Directors and
Chief Executive Officer

Date: December 28, 2011

By: ______________________
BALÁZS MÁTHÉ
General Counsel and Chief Legal and
Corporate Affairs Officer

Date: 28 December 11

By: ______________________
PETER B. CLARK
Cadwalader, Wickersham & Taft LLP
Counsel for Magyar Telekom, Plc.

FOR THE DEPARTMENT OF JUSTICE:

DENIS J. McINERNEY
Chief, Fraud Section

Date: 12/28/2011

By: [signature]
LIAM B. BRENNAN
Trial Attorney, Fraud Section

United States Department of Justice
Criminal Division
1400 New York Ave., N.W.
Washington, D.C. 20005
Phone: (202) 514-2000
Fax: (202) 514-7021
Email: liam.brennan3@usdoj.gov

NEIL H. MacBRIDE
UNITED STATES ATTORNEY

Date: 12/28/2011

By: [signature]
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Email: charles.connolly@usdoj.gov
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CERTIFICATE OF GENERAL COUNSEL AND CHIEF LEGAL AND CORPORATE AFFAIRS OFFICER

I have read this Agreement and carefully reviewed every part of it with outside counsel for Magyar Telekom, Plc. ("Magyar Telekom"). I understand the terms of this Agreement and, based on authorization and instructions of the Board of Directors, voluntarily agree on behalf of Magyar Telekom to each of its terms. Before signing this Agreement, I consulted outside counsel for Magyar Telekom. Counsel fully advised me of the rights of Magyar Telekom, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement.

I have carefully reviewed the terms of this Agreement with the Board of Directors of Magyar Telekom. I have advised and caused outside counsel for Magyar Telekom to advise the Board of Directors fully of the rights of Magyar Telekom, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into the Agreement.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of Magyar Telekom, in any way to enter into this Agreement. I am also satisfied with outside counsel's representation in this matter. I certify that I am General Counsel and Chief Legal and Corporate Affairs Officer of Magyar Telekom and that I have been duly authorized and instructed by the Board of Directors of Magyar Telekom to execute this Agreement on behalf of Magyar Telekom.

Date: Dec. 28, 2011

MAGYAR TELEKOM, Plc.

By: ______________________
Balázs Máthé
General Counsel and Chief Legal and
Corporate Affairs Officer

CERTIFICATE OF COUNSEL

I am counsel for Magyar Telekom, Plc. ("Magyar Telekom") in the matter covered by this Agreement. In connection with such representation, I have examined relevant Magyar Telekom documents and have discussed the terms of this Agreement with the Magyar Telekom Board of Directors. Based on our review of the foregoing materials and discussions, I am of the opinion that the representative of Magyar Telekom has been duly authorized to enter into this Agreement on behalf of Magyar Telekom and that this Agreement has been duly and validly authorized, executed, and delivered on behalf of Magyar Telekom and is a valid and binding obligation of Magyar Telekom. Further, I have carefully reviewed the terms of this Agreement with the Board of Directors and the General Counsel and Chief Legal and Corporate Affairs Officer of Magyar Telekom. I have fully advised them of the rights of Magyar Telekom, of possible defenses, of the Sentencing Guidelines' provisions and of the consequences of entering into this Agreement. To my knowledge, the decision of Magyar Telekom to enter into this Agreement, based on the authorization of the Board of Directors, is an informed and voluntary one.

Date: 28 Dec, 2011

PETER B. CLARK
Cadwalader, Wickersham & Taft LLP
Counsel for Magyar Telekom, Plc.

USActive 25003266.1

ATTACHMENT A

STATEMENT OF FACTS

The following Statement of Facts is incorporated by reference as part of the Deferred Prosecution Agreement (the "Agreement") between the United States Department of Justice, Criminal Division, Fraud Section, and the United States Attorney's Office for the Eastern District of Virginia (collectively, the "Department"), and MAGYAR TELEKOM, Plc. ("MAGYAR TELEKOM"), and the parties hereby agree and stipulate that the following information is true and accurate. MAGYAR TELEKOM admits, accepts, and acknowledges that it is responsible for the acts of its officers, employees, agents, and those of MAGYAR TELEKOM's subsidiaries as set forth below. Should the Department pursue the prosecution that is deferred by this Agreement, MAGYAR TELEKOM agrees that it will neither contest the admissibility of, nor contradict, this Statement of Facts in any such proceeding. If this matter were to proceed to trial, the Department would prove beyond a reasonable doubt, by admissible evidence, the facts alleged below and set forth in the criminal Information attached to this Agreement. This evidence would establish the following:

MAGYAR TELEKOM and Related Entities

1. **MAGYAR TELEKOM, Plc.** ("MAGYAR TELEKOM"), formerly known as Matav, was a publicly traded Hungarian corporation operating fixed line and cellular phone businesses in Hungary, Montenegro, Macedonia, and elsewhere, using the T-Mobile and T-Com brands. During the relevant time period, MAGYAR TELEKOM's American Depository Receipts ("ADRs") traded on the New York Stock Exchange ("NYSE") under the ticker symbol "MTA." Accordingly, MAGYAR TELEKOM was an "issuer" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

2. MAGYAR TELEKOM disclosed financial information to the public through various means, including through the electronic filing of periodic and annual reports on SEC Forms 6-K and 20-F with the SEC. MAGYAR TELEKOM electronically transmitted its filings to the SEC's Electronic Data Gathering, Analysis, and Retrieval System ("EDGAR") at the Management Office of Information and Technology in Alexandria, Virginia, within the Eastern District of Virginia.

3. **Deutsche Telekom, AG** ("DT"), was a multinational telecommunications company based in Germany and the parent company of MAGYAR TELEKOM. DT operated cellular and fixed line phone businesses under the T-Mobile and T-Com brands through various operating subsidiaries, including MAGYAR TELEKOM. DT owned approximately 60% of MAGYAR TELEKOM and reported the results of its operations in DT's consolidated financial statements. During the relevant time period, DT's ADRs traded on the NYSE under the ticker symbol "DT." Accordingly, DT was an "issuer" within the meaning of the FCPA, 15 U.S.C. § 78dd-1(a).

4. **Makedonski Telekommunikacii AD Skopje** ("MakTel") was the former state-owned telecommunications services provider in Macedonia. In January 2001, MAGYAR TELEKOM, acting in a consortium with other bidders, acquired partial ownership of MakTel through a privatization by the Government of the Republic of Macedonia. By late 2004, MAGYAR TELEKOM had acquired sole ownership of an approximately 51% stake in MakTel by purchasing additional shares from the Macedonian government and from private shareholders. MAGYAR TELEKOM held its MakTel shares through a wholly owned holding company. The Macedonian government currently retains an approximately 35% stake in MakTel. From early 2001 to mid-2006, Macedonian government owned approximately 47% of MakTel's shares. The Macedonian government, as a shareholder, was entitled to a proportionate distribution of all

dividends declared by MakTel. MakTel's dividend payments were a significant source of revenue for the Macedonian government. Throughout the relevant time period, MakTel's financial results were included in the consolidated financial statements that MAGYAR TELEKOM filed with the SEC.

5. **Telemacedonia AD Skopje** ("Telemacedonia") was a service company controlled by MAGYAR TELEKOM that provided consultancy and other services to MakTel. Throughout the relevant time period, Telemacedonia's financial results were included in the consolidated financial statements that MAGYAR TELEKOM filed with the SEC.

6. **Stonebridge Communications AD Skopje** ("Stonebridge") was a holding company that was controlled by MAGYAR TELEKOM and which owned shares in MakTel, but otherwise conducted no business operations. Throughout the relevant time period, Stonebridge's financial results were included in the consolidated financial statements that MAGYAR TELEKOM filed with the SEC.

7. **Telekom Crne Gore A.D., n/k/a "Crnogorski Telekom,"** ("TCG") and its mobile company subsidiary were, respectively, the Montenegrin state-owned fixed line and cellular telecommunications companies. MAGYAR TELEKOM acquired both companies in approximately March 2005. Before MAGYAR TELEKOM acquired TCG, it was controlled by the Government of Montenegro. Accordingly, employees of TCG were "foreign officials" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A). After MAGYAR TELEKOM acquired TCG, TCG's and its mobile company subsidiary's financial results were included in the consolidated financial statements that MAGYAR TELEKOM filed with the SEC.

Relevant Employees and Agents

8. Magyar Telekom Executive #1 was a senior executive and board member of MAGYAR TELEKOM during the relevant time period. As such, he was an officer, director, employee, and agent of an "issuer" within the meaning of the FCPA, 15 U.S.C. § 78dd-1(a).

9. Magyar Telekom Executive #2 was a senior executive of MAGYAR TELEKOM during the relevant time period. As such, he was an officer, director, employee, and agent of an "issuer" within the meaning of the FCPA, 15 U.S.C. § 78dd-1(a). Magyar Telekom Executive #2 served as an officer or director of certain MAGYAR TELEKOM subsidiaries.

10. Magyar Telekom Executive #3 was a senior executive of MAGYAR TELEKOM during the relevant time period. As such, he was an officer, director, employee, and agent of an "issuer" within the meaning of the FCPA, 15 U.S.C. § 78dd-1(a). Magyar Telekom Executive #3 served as an officer or director of certain MAGYAR TELEKOM subsidiaries.

11. MakTel Executive #1 was a senior executive of MakTel during the relevant time period.

12. MakTel Executive #2 was a senior executive of MakTel during the relevant time period.

13. Greek Intermediary #1 was a businessman who controlled numerous shell companies, and, during 2001 through 2004, controlled a significant stake in Stonebridge and Telemacedonia through another company. During the relevant time period, he was a principal behind the counterparties to numerous contracts with MAGYAR TELEKOM, and assisted MAGYAR TELEKOM in its dealings with Macedonian government officials.

14. Greek Intermediary #2 was a board member of MakTel. During certain relevant times, he was an employee of Greek Intermediary #1, and he assisted MAGYAR TELEKOM in its dealings with Macedonian government officials.

15. Greek Intermediary #3 was a board member of Stonebridge. During certain relevant times, he was an employee of Greek Intermediary #1, and he assisted MAGYAR TELEKOM in its dealings with Macedonian government officials.

16. Cypriot Shell Company was a shell company purportedly based in Lymassol, Cyprus, which was controlled by Greek Intermediary #1, Greek Intermediary #2, and Greek Intermediary #3. Cypriot Shell Company executed contracts with, submitted paperwork to, and received payments from, MAGYAR TELEKOM and its subsidiaries.

Government Officials and Political Parties

17. Macedonian Political Party A and Macedonian Political Party B were political parties in the Macedonian governing coalition during 2005, among other times. Each party represented a traditional ethnic group in Macedonia. As such, Macedonian Political Party A and Macedonian Political Party B were each a "foreign political party" within the meaning of the FCPA, 15 U.S.C. § 78dd-1(a)(2).

18. Macedonian Official #1 was a high-ranking government official with responsibility related to telecommunications laws and regulations during 2005, among other times, and a leader of Macedonian Political Party A. As such, Macedonian Official #1 was a "foreign official" and an official of a foreign political party within the meaning of the FCPA, 15 U.S.C. §§ 78dd-1(f)(1)(A), 78dd-1(a)(2).

19. Macedonian Official #2 was a high-ranking government official with responsibility for telecommunications laws and regulations during 2005, among other times, and a leader of Macedonian Political Party B. As such, Macedonian Official #2 was a "foreign official" and an official of a foreign political party within the meaning of the FCPA, 15 U.S.C. §§ 78dd-1(f)(1)(A), 78dd-1(a)(2).

Conduct in Macedonia

20. During 2005 and 2006, certain senior executives then employed by MAGYAR TELEKOM, including Magyar Telekom Executive #1, Magyar Telekom Executive #2, and Magyar Telekom Executive #3 (these three former executives are referred to collectively herein as "Magyar Telekom Executives"), engaged in a course of conduct with consultants, intermediaries and other third parties, including contracting through sham contracts to pay an aggregate amount of €4.875 million to the Cypriot Shell Company and one of its affiliates, under circumstances in which they knew, or were aware of a high probability that circumstances existed in which, all or a portion of the proceeds of such payments would be offered, given, promised or paid, directly or indirectly, to Macedonian Government Official #1, Macedonian Government Official #2, Macedonian Political Party A, and/or Macedonian Political Party B with the intention of obtaining business and advantages for MAGYAR TELEKOM. In addition, Macedonian Political Party B was offered the opportunity to designate the beneficiary of a business venture in exchange for the party's support of MAGYAR TELEKOM's desired benefits.

21. In early 2005, the Macedonian Parliament enacted an Electronic Communications Law designed to liberalize the telecommunications market in a manner that would have been unfavorable to MAGYAR TELEKOM. Specifically, among other things, the law authorized the telecommunications regulatory bodies in Macedonia to hold a public tender for a license to operate a third mobile telephone business that would directly compete in Macedonia against MAGYAR TELEKOM's Macedonian subsidiary, MakTel, and imposed increased frequency fees and other regulatory burdens.

22. In or around late January 2005, Magyar Telekom Executive #1, Magyar Telekom Executive #2, Greek Intermediary #1, Greek Intermediary #2, Greek Intermediary #3, and others

assisted MAGYAR TELEKOM by meeting with Macedonian Official #1 and others in Skopje and informed them that a third mobile license was not acceptable.

23. On or about March 9, 2005, MakTel Executive #1 sent an email to a Macedonian government official at his U.S.-based email address and requested that this Macedonian government official inform MakTel Executive #1 of the "official nominated group members of the frequency fee arrangement," which email was passed through, stored on, and transmitted from servers located in the United States.

24. On or about May 9, 2005, Magyar Telekom Executive #2 sent an email to Greek Intermediary #2 attaching a draft Letter of Intent. The draft Letter of Intent detailed MAGYAR TELEKOM's commitment to start a mobile virtual network operator ("MVNO") in Kosovo with a company to be chosen by Political Party B. MAGYAR TELEKOM developed the plan for the MVNO in Kosovo as an alternative to a third competitor in the Macedonian telecommunications market.

25. In approximately May 2005, certain of the Magyar Telekom Executives approved and executed a secret agreement, the Protocol of Cooperation, with Macedonian Official #1 to delay or preclude the issuance of a third mobile telephone license and to mitigate the other adverse effects of the new law, including not requiring MakTel to pay the full amount of the increased frequency fee by undertaking the following actions, among others:

a. On or about May 25, 2005, Magyar Telekom Executive #1 received via email a copy of the Protocol of Cooperation to be executed on behalf of MAGYAR TELEKOM and by Macedonian Official #1.

b. Shortly thereafter, on or about May 27, 2005, at a meeting at the Holiday Inn in Skopje, Magyar Telekom Executive #2, Magyar Telekom Executive #3, Greek Intermediary #2, Greek Intermediary #3, and various Macedonian officials discussed the

Protocol of Cooperation and agreed to keep the existence and purpose of the agreement from others, including MAGYAR TELEKOM's auditors and the public. Magyar Telekom Executive #2 and Macedonian Official #1 executed the Protocol of Cooperation, and thereafter the agreement was kept out of MAGYAR TELEKOM's books and records residing instead with Greek Intermediary #1 in Greece.

c. On or about May 31, 2005, in order to inform MakTel Executive #1 of MAGYAR TELEKOM's secret agreement with Macedonian political officials, Magyar Telekom Executive #2 transmitted a copy of the agreement from his MAGYAR TELEKOM email account to MakTel Executive #1's Hotmail email account, which passed through, was stored on, and transmitted to servers located in the United States.

d. On or about May 31, 2005, Magyar Telekom Executive #1 and Magyar Telekom Executive #2 were requested to provide a copy of the signed Protocol of Cooperation, after which Magyar Telekom Executive #1 explained the "special circumstances" surrounding the Protocol of Cooperation to justify not producing a signed copy.

26. In addition, in or around August 2005, the Magyar Telekom Executives finalized a Letter of Intent for the MVNO with an entity designated by Macedonian Political Party B. They made this offer in the Letter of Intent in order to secure Macedonian Official #2's execution of the second secret Protocol of Cooperation and the benefits that would flow from that agreement. The Letter of Intent was executed by Magyar Telekom Executive #1, however, the business opportunity ultimately was not developed.

27. Nevertheless, in or around August 2005, certain of the Magyar Telekom Executives entered into a second secret Protocol of Cooperation with representatives of Macedonian Political Party B and Macedonian Official #2 to obtain the same business and regulatory benefits for MAGYAR TELEKOM. This second secret Protocol of Cooperation was

also kept outside MAGYAR TELEKOM's records and remained with Greek Intermediary #1 in Greece.

28. Between 2005 and 2006, as MAGYAR TELEKOM received the benefits promised in the agreement, the Magyar Telekom Executives authorized MakTel and other MAGYAR TELEKOM subsidiaries to enter into a series of at least six false "success fee based" contracts purportedly for "consulting" and "marketing" services, and to pay an aggregate amount of €4.875 million under those contracts to the Cypriot Shell Company and one of its affiliates, under circumstances in which the Magyar Telekom Executives knew, or were aware of a high probability that circumstances existed in which, all or a portion of the proceeds of such payments would be offered, given, promised or paid, directly or indirectly, to Macedonian government officials.

29. The only executed copies of the two secret Protocols of Cooperation with the government officials were retained by Greek Intermediary #1, and the existence and true purpose of the agreements were unknown to anyone within MAGYAR TELEKOM and DT other than Magyar Telekom Executive #1, Magyar Telekom Executive #2, and a relatively small number of additional participants.

30. Magyar Telekom Executive #1 and Magyar Telekom Executive #2, assisted by Greek Intermediary #1, circumvented MAGYAR TELEKOM's internal controls by:

a. In or around April 2006, MakTel Executive #1, MakTel Executive #2, and Greek Intermediary #2 executed a contract between MakTel and Cypriot Shell Company purportedly for cable television due diligence services in an amount of €900,000 with a listed date of January 1, 2006.

b. In or around April 2006, MakTel Executive #1, MakTel Executive #2, and Greek Intermediary #2 executed a contract between MakTel and Cypriot Shell Company purportedly for marketing services in an amount of €750,000 with a listed date of March 1, 2006.

c. On or about May 5, 2006, MakTel Executive #1, MakTel Executive #2, and others executed a contract between MakTel and another company purportedly for marketing services in an amount of €900,000.

d. On or about December 12, 2006, Greek Intermediary #1, Greek Intermediary #2, and Greek Intermediary #3 caused Cypriot Shell Company to transmit a report to MAGYAR TELEKOM and its subsidiaries to falsely justify a €450,000 payment that was made by MakTel and which report could be purchased on the internet for approximately £500.

31. These consulting and marketing contracts entered into in 2005 and 2006 generally were backdated or contained success-based contingencies that had already been satisfied by the time they were executed, and were supported by false performance certificates or other fabricated evidence of performance. The contracts served no legitimate business purpose, and no valuable performance was rendered under them.

32. The payments made under these sham contracts were recorded on MAGYAR TELEKOM's books and records in a manner that did not accurately reflect the true purposes of the contracts under which they were made, and the false books and records were consolidated into DT's financial statements:

Date	Amount	To	From
July 12, 2005	€340,000	MakTel	Cypriot Shell Company
July 13, 2005	€640,000	MakTel	Cypriot Shell Company
September 6, 2005	€990,000	Stonebridge	Cypriot Shell Company
September 9, 2005	€980,000	Stonebridge	Cypriot Shell Company

April 11, 2006	€450,000	MakTel	Cypriot Shell Company
April 11, 2006	€575,000	MakTel	Cypriot Shell Company
May 30, 2006	€900,000	MakTel	Affiliate of Cypriot Shell Company

33. Followings these sham contracts and offer, the Macedonian government delayed the introduction of a third mobile telephone competitor until 2007 and reduced the frequency fee tariffs imposed on MAGYAR TELEKOM's Macedonian subsidiary, MakTel.

Conduct in Montenegro

34. In October 2004, the Government of Montenegro issued a tender to privatize its approximately 51% stake of the state-owned telecommunications company, TCG. MAGYAR TELEKOM submitted a bid that sought to obtain a super-majority ownership stake, consisting of the government's 51% share, plus enough additional minority shares from private investors to give MAGYAR TELEKOM ownership of at least two-thirds of TCG. The Board of Directors of MAGYAR TELEKOM, in accordance with the decision of the Management Board of DT, limited the price that MAGYAR TELEKOM could pay on a price-per-share basis for the acquisition. MAGYAR TELEKOM's bid for the government shares was conditioned on its ability to acquire the minority shares at the intended valuation.

35. MAGYAR TELEKOM prevailed in the public tender process, but the Montenegrin government rejected MAGYAR TELEKOM's provision to condition the acquisition upon acquiring a super-majority stake. The share purchase agreement ultimately was executed without this condition.

36. By March 2005, MAGYAR TELEKOM ultimately succeeded in acquiring an approximately 73% stake in TCG on its desired terms, but only after government officials

committed the Government of Montenegro to contribute an additional €0.30 per share to the private shareholders.

37. After the Government of Montenegro facilitated MAGYAR TELEKOM's acquisition of shares of TCG from minority shareholders, the Magyar Telekom Executives caused MAGYAR TELEKOM, TCG, and/or its affiliates to enter into four contracts that purported to relate to the TCG acquisition and/or MAGYAR TELEKOM's operations in Montenegro, but under which no valuable performance was actually rendered. The payments under those contracts were not recorded accurately on MAGYAR TELEKOM's or MAGYAR TELEKOM's subsidiaries' books and records.

38. MAGYAR TELEKOM entered into two nearly-identical contracts with two third-party consultants, purportedly for assistance in purchasing the additional shares from the minority shareholders. The consultants were shell companies based in the Republic of Mauritius and the Republic of the Seychelles that had never before provided services to MAGYAR TELEKOM or DT, and one of the entities was not even legally incorporated when its contract was purportedly signed. Certain of the Magyar Telekom Executives executed the contracts on MAGYAR TELEKOM's behalf after MAGYAR TELEKOM had already acquired TCG, but backdated the contracts. These contracts concealed the true parties-in-interest and the third-party consultants performed no legitimate services under either of these contracts. Documents purportedly evidencing the consultants' performance under the contracts were fabricated to give the appearance that the consultants rendered legitimate services.

39. The Magyar Telekom Executives caused MAGYAR TELEKOM to make two payments totaling €4.47 million under these contracts between approximately May 12, 2005, and May 20, 2005.

40. TCG and a TCG affiliate entered into two additional consulting contracts in 2005 that purported to relate to MAGYAR TELEKOM's acquisition of TCG. Both contracts were executed with the knowledge and approval of the Magyar Telekom Executives.

41. One of these contracts purported to require a New York, NY-based counterparty to provide vaguely identified assistance in connection with the acquisition and integration of TCG into MAGYAR TELEKOM's corporate structure. One of the Magyar Telekom Executives signed the contract on behalf of a TCG affiliate and backdated it. The TCG affiliate made payments of €580,000 under this contract, even though no bona fide services were rendered to MAGYAR TELEKOM or its subsidiaries under the contract. MAGYAR TELEKOM's subsidiary falsely recorded the payments under this contract as a consulting expense on its books and records.

42. The other sham consulting contract was with a shell company based at a residential address in London. Under the contract, the consultant purportedly would provide MAGYAR TELEKOM with strategic advice related to the telecommunications market in Southeastern Europe. However, none of the reports provided by the consultant represented original work. Instead, each report bore a mark on each page identifying the report as the product of another consulting firm. The consultant provided no legitimate services to MAGYAR TELEKOM. Although a TCG affiliate paid €2.3 million to the consultant between approximately November 7, 2005, and December 28, 2005, MAGYAR TELEKOM's auditors subsequently valued the reports provided at approximately €20,000.

43. These two additional consulting contracts (1) concealed the true counterparties; (2) did not accurately describe the true services to be rendered; (3) purported to be success based, but were entered into after the relevant contingencies had already been satisfied by other service providers; (4) served no legitimate business purpose, and (5) were supported by false

performance certificates or fabricated evidence of performance. The services under these contracts also duplicated services that had previously been provided to MAGYAR TELEKOM by known parties for substantially lower prices.

44. The payments under the four contracts described above were recorded on MAGYAR TELEKOM's books and records, or those of certain of MAGYAR TELEKOM's subsidiaries, in a manner that did not accurately reflect the true purposes of the contracts under which they were made, and the false books and records were consolidated into MAGYAR TELEKOM's and DT's financial statements.

ATTACHMENT B

CERTIFICATE OF CORPORATE RESOLUTIONS

WHEREAS, Magyar Telekom, Plc. ("Magyar Telekom" or the "Company"), has been engaged in discussions with the United States Department of Justice, Criminal Division, Fraud Section, and the United States Attorney's Office for the Eastern District of Virginia (collectively, the "Department") regarding issues arising in relation to conduct in violation of the Foreign Corrupt Practices Act ("FCPA"); and

WHEREAS, in order to resolve such discussions, it is proposed that the Company enter into a certain agreement with the Department; and

WHEREAS, the Company's the General Counsel and Chief Legal and Corporate Affairs Officer, Balázs Máthé, together with outside counsel for the Company, have advised the Board of Directors of the Company of the Company's rights, possible defenses, the Sentencing Guidelines' provisions, and the consequences of entering into such agreement with the Department;

Therefore, the Board of Directors has RESOLVED as follows:

Resolution No. 19/1 (28.12.2011) - Approval of a Settlement with the U.S. Department of Justice: The Board of Directors of Magyar Telekom, Plc. (the "Company"), having reviewed the draft Deferred Prosecution Agreement between the United States Department of Justice, Criminal Division, Fraud Section and the United States Attorney's Office for the Eastern District of Virginia (collectively, the "Department") on one hand and the Company on the other hand (the "Deferred Prosecution Agreement"), as well as the related Information to be filed in the United States District Court for the Eastern District of Virginia, in the Case "United States of America v. Magyar Telekom, Plc." (the "Information") (the Deferred Prosecution Agreement and the Information collectively the

"Settlement Documents"), approves a final settlement with the Department, resolving the Department's investigation regarding certain contracts relating to the activities of the Company and/or its affiliates in Montenegro and Macedonia, in accordance with the Settlement Documents. The Company (a) acknowledges the filing of the three-count Information charging the Company with one count of violating the anti-bribery provisions of the FCPA, Title 15, United States Code, Section 78dd-1, and two counts of violating of the books and records provisions of the FCPA, Title 15, United States Code, Sections 78m(b)(2)(A), 78m(b)(5), and 78ff(a); (b) waives indictment on such charges and enters into a deferred prosecution agreement with the Department; and (c) agrees to accept monetary criminal penalties against the Company totaling $59,600,000, and to pay such total of $59,600,000 to the United States Treasury with respect to the conduct described in the Information.

The Chairman of the Board of Directors and Chief Executive Officer, Christopher Mattheisen, and the General Counsel and Chief Legal and Corporate Affairs Officer of the Company, Balázs Máthé, are hereby authorized, empowered and directed, on behalf of the Company, to execute the Deferred Prosecution Agreement as submitted to the Board of Directors.

The Board of Directors authorizes and instructs the management of the Company to take all necessary actions to comply with the terms of the Deferred Prosecution Agreement following its execution.

Date: Dec. 28, 2011

By: ______________________
BALÁZS MÁTHÉ
GC, CLCAO
Magyar Telekom, Plc.

ATTACHMENT C

CORPORATE COMPLIANCE PROGRAM

In order to address any deficiencies in its internal controls, policies, and procedures regarding compliance with the Foreign Corrupt Practices Act ("FCPA"), 15 U.S.C. §§ 78dd-1, *et seq.*, and other applicable anti-corruption laws, Magyar Telekom, Plc., agrees to continue to conduct for itself and for the subsidiaries that it controls ("Magyar Telekom" or the "company"), in a manner consistent with all of its obligations under this Agreement, appropriate reviews of its existing internal controls, policies, and procedures.

Where necessary and appropriate, Magyar Telekom agrees to adopt new or to modify existing internal controls, policies, and procedures in order to ensure that it maintains: (a) a system of internal accounting controls designed to ensure that Magyar Telekom makes and keeps fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance code, standards, and procedures designed to detect and deter violations of the FCPA and other applicable anti-corruption laws. At a minimum, this should include, but not be limited to, the following elements to the extent they are not already part of the company's existing internal controls, policies, and procedures:

1. Magyar Telekom will develop and promulgate a clearly articulated and visible corporate policy against violations of the FCPA, including its anti-bribery, books and records, and internal controls provisions, and other applicable foreign law counterparts (collectively, the "anti-corruption laws,"), which policy shall be memorialized in a written internal regulations.

2. Magyar Telekom will ensure that its senior management provide strong, explicit, and visible support and commitment to its corporate policy against violations of the anti-corruption laws and its internal regulations.

3. Magyar Telekom will develop and promulgate compliance standards and procedures designed to reduce the prospect of violations of the anti-corruption laws and Magyar Telekom's compliance code, and Magyar Telekom will take appropriate measures to encourage and support the observance of ethics and compliance standards and procedures against foreign bribery by personnel at all levels of the company. These anti-corruption standards and procedures shall apply to all directors, officers, and employees and, where necessary and appropriate, outside parties acting on behalf of Magyar Telekom in a foreign jurisdiction, including but not limited to, agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners (collectively, "agents and business partners"), to the extent that agents and business partners may be employed under Magyar Telekom's corporate policy. Magyar Telekom shall notify all employees that compliance with the standards and procedures is the duty of individuals at all levels of the company. Such standards and procedures shall include policies governing:

a. gifts;

b. hospitality, entertainment, and expenses;

c. customer travel;

d. political contributions;

e. charitable donations and sponsorships;

f. facilitation payments; and

g. solicitation and extortion.

4. Magyar Telekom will develop these compliance standards and procedures, including internal controls, ethics, and compliance programs on the basis of a risk assessment addressing the individual circumstances of the company, in particular the foreign bribery risks facing the company, including, but not limited to, its geographical organization, interactions with

various types and levels of government officials, industrial sectors of operation, involvement in joint venture arrangements, importance of licenses and permits in the company's operations, degree of governmental oversight and inspection, and volume and importance of goods and personnel clearing through customs and immigration.

5. Magyar Telekom shall review its anti-corruption compliance standards and procedures, including internal controls, ethics, and compliance programs, no less than annually, and update them as appropriate, taking into account relevant developments in the field and evolving international and industry standards, and update and adapt them as necessary to ensure their continued effectiveness.

6. Magyar Telekom shall assign responsibility to the Group Compliance Officer of Magyar Telekom for the implementation and oversight of Magyar Telekom's anti-corruption policies, standards, and procedures. Such corporate official shall have direct reporting obligations to Magyar Telekom's Audit Committee as an independent monitoring body and shall have an adequate level of autonomy from management as well as sufficient resources and authority to maintain such autonomy.

7. Magyar Telekom will ensure that it has a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the maintenance of fair and accurate books, records, and accounts to ensure that they cannot be used for the purpose of foreign bribery or concealing such bribery.

8. Magyar Telekom will implement mechanisms designed to ensure that its anti-corruption policies, standards, and procedures are effectively communicated to all directors, officers, employees, and, where appropriate, agents and business partners. These mechanisms shall include: (a) periodic training for all directors, officers, senior managers, and all other employees working in positions involving activities implicated by Magyar Telekom's policies

regarding anti-corruption and compliance with the FCPA, and, where necessary and appropriate, agents and business partners; and (b) accompanying certifications by all such directors, officers, and employees, and, where necessary and appropriate, agents, and business partners, certifying compliance with the training requirements.

9. Magyar Telekom will maintain, or where necessary establish, an effective system for:

a. Providing guidance and advice to directors, officers, employees, and, where appropriate, agents and business partners, on complying with Magyar Telekom's anti-corruption compliance policies, standards, and procedures, including when they need advice on an urgent basis or in any foreign jurisdiction in which the company operates;

b. Internal and, where possible, confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, agents and business partners, not willing to violate professional standards or ethics under instructions or pressure from hierarchical superiors, as well as for directors, officers, employee, and, where appropriate, agents and business partners, willing to report breaches of the law or professional standards or ethics concerning anti-corruption occurring within the company, suspected criminal conduct, and/or violations of the compliance policies, standards, and procedures regarding the anti-corruption laws for directors, officers, employees, and, where necessary and appropriate, agents and business partners; and

c. Responding to such requests and undertaking appropriate action in response to such reports.

10. Magyar Telekom will institute appropriate disciplinary procedures to address, among other things, violations of the anti-corruption laws and Magyar Telekom's anti-corruption compliance code, policies, and procedures by Magyar Telekom's directors, officers, and

employees. Magyar Telekom shall implement procedures to ensure that where misconduct is discovered, reasonable steps are taken to remedy the harm resulting from such misconduct, and to ensure that appropriate steps are taken to prevent further similar misconduct, including assessing the internal controls, ethics, and compliance program and making modifications necessary to ensure the program is effective.

11. Magyar Telekom will institute appropriate due diligence and compliance requirements pertaining to the retention and oversight of all agents and business partners, including:

a. Properly documented risk-based due diligence pertaining to the hiring and appropriate and regular oversight of agents and business partners;

b. Informing agents and business partners of Magyar Telekom's commitment to abiding by laws on the prohibitions against foreign bribery, and of Magyar Telekom's ethics and compliance standards and procedures and other measures for preventing and detecting such bribery; and

c. Seeking a reciprocal commitment from agents and business partners.

12. Where necessary and appropriate, Magyar Telekom will include standard provisions in agreements, contracts, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any breach of anti-corruption laws, and regulations or representations and undertakings related to such matters.

13. Magyar Telekom will ensure that new business entities are only acquired after thorough FCPA and anti-corruption law due diligence by legal, accounting, and compliance personnel. Where such anti-corruption law due diligence is not practicable prior to acquisition of a new business for reasons beyond Magyar Telekom's control, or due to any applicable law, rule, or regulation, Magyar Telekom will conduct FCPA and anti-corruption law due diligence subsequent to the acquisition and report to the Department any corrupt payments or inadequate internal controls as required in Paragraph 10 of this Agreement.

14. Magyar Telekom will ensure that Magyar Telekom's policies and procedures regarding the anti-corruption laws apply as quickly as is practicable to newly acquired businesses and will promptly:

a. Train directors, officers, and senior managers, and those employees working in positions involving activities implicated by Magyar Telekom's policies regarding anti-corruption and compliance with the FCPA, and, where necessary and appropriate, agents and business partners, on the anti-corruption laws and Magyar Telekom's policies and procedures regarding anti-corruption laws.

b. Conduct an anti-corruption specific audit of all newly-acquired businesses as quickly as practicable.

15. Magyar Telekom will conduct periodic review and testing of its anti-corruption compliance code, standards, and procedures designed to evaluate and improve their effectiveness in preventing and detecting violations of anti-corruption laws and Magyar Telekom's anti-corruption code, standards and procedures, taking into account relevant developments in the field and evolving international and industry standards.

ATTACHMENT D

CORPORATE COMPLIANCE REPORTING

1. Magyar Telekom, Plc. ("Magyar Telekom"), agrees that it will report periodically, at no less than 12-month intervals, in accordance with the schedule described in Paragraph 3 below, during the two-year term of this Agreement, to the United States Department of Justice, Criminal Division, Fraud Section, and the United States Attorney's Office for the Eastern District of Virginia (collectively, the "Department") regarding remediation and implementation of the compliance program and internal controls, policies, and procedures described in Attachment C.

2. Should Magyar Telekom discover credible evidence, not already reported to the Department, that questionable or corrupt payments or questionable or corrupt transfers of property or interests may have been offered, promised, paid, or authorized to or for the benefit of government officials by any Magyar Telekom entity or person, or any entity or person working directly for Magyar Telekom, or that related false books and records have been maintained, Magyar Telekom shall promptly report such conduct to the Department.

3. During the two-year term of this Agreement, Magyar Telekom's Group Compliance Officer shall: (1) conduct an initial review and prepare an initial report, and (2) conduct and prepare a follow-up review and report, as described below:

a. By no later than one year from the date on which the Information is filed, Magyar Telekom shall issue a written report covering the prior 12-month period and setting forth a complete description of its remediation efforts to date, its proposals reasonably designed to improve the policies and procedures of Magyar Telekom for ensuring compliance with the FCPA and other applicable anti-corruption laws, and the parameters of the subsequent reviews. The report shall be transmitted to Deputy Chief – FCPA Unit, Fraud Section, Criminal Division, U.S.

Department of Justice, 1400 New York Avenue, N.W., Bond Building, Fourth Floor, Washington, D.C. 20005. Magyar Telekom may extend the time period for issuance of the report with prior written approval of the Department.

b. Magyar Telekom shall undertake a follow-up review, incorporating any comments provided by the Department on its initial review and report, to further monitor and assess whether the policies and procedures of Magyar Telekom are reasonably designed to detect and prevent violations of the FCPA and other applicable anti-corruption laws.

c. The follow-up review and report shall be completed by no more than one-year after the initial review.

d. Magyar Telekom may extend the time period for submission of the follow-up report with prior written approval of the Department.